Should you pay higher taxes because you work from home?

By Julia Horowitz, CNN Business

Many people are discovering they enjoy working from home. Should they pay higher taxes if they decide to stay away from the office even after the pandemic?

The idea was floated this week by a research team at Deutsche Bank (DB). It proposed a tax on remote workers once the coronavirus is brought under control to support the economic recovery and subsidize the wages of people in low-paid jobs who can’t choose their place of work.

“The sudden shift to work from home means that, for the first time in history, a big chunk of people have disconnected themselves from the face-to-face world yet are still leading a full economic life,” thematic research analyst Luke Templeman said in a new report. “That means remote workers are contributing less to the infrastructure of the economy whilst still receiving its benefits.”

Want to work from home forever? Here’s what you need to know

A Deutsche Bank survey found that after the Covid-19 crisis has passed, 60% of people who started working from home during the pandemic want to continue doing so for two or more days a week. For them, the financial benefits of not commuting, buying lunch or dressing for the office, plus the flexibility and convenience, outweigh the stress of having to juggle family and work or cope with a makeshift desk.

But Templeman argues that there’s a big cost to the broader economy, which was designed to support in-person work.

To solve for this problem, he proposes a work-from-home tax on 5% of wages. Employers would be responsible for the extra cost if they don’t provide workers with permanent desks. If workers choose to spend part of the week at home, however, the tax would be deducted from their paychecks on a per-diem basis.

The cost would be roughly equivalent to expenses tied to going into work, such as commuting and lunch, Templeman said.

Governments could spend the money the tax raises on grants for low-paid workers who aren’t able to do their jobs remotely, he added.

“Many of these people are those who assumed the health risks of working during the pandemic and are far more ‘essential’ than their wage level suggests,” Templeman said.

He estimates that such a tax could raise $48 billion per year in the United States, along with £6.9 billion ($9.1 billion) in the United Kingdom and €15.9 billion ($18.8 billion) in Germany.

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